REPORT OF

MISSOURI STATE PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN

JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Trustees of the
Missouri State Public Employees Deferred Compensation Plan

Report on the Financial Statements

We have audited the accompanying financial statements of the Missouri State Employees Deferred Compensation Plan (the Plan), a component unit of the State of Missouri, which comprise the statement of net position as of June 30, 2013, the related statement of changes in net position for the year then ended, and the related noted to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Plan as of June 30, 2013, and the changes in net position for the year then ended, in conformity with U.S. generally accepted accounting principles.

Other Matters

U.S. generally accepted accounting principles requires that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, though not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Williams Keepers LLC

December 6, 2013

MISSOURI STATE PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

For Year Ended June 30, 2013

This discussion and analysis of the Missouri State Public Employees Deferred Compensation Plan financial performance provides an overview of the Plan's financial activities for year ended June 30, 2013. Please read it in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Assets available for plan benefits at June 30, 2013, were $1,216,492,788, an increase of $74,096,177 or 6.48% compared to June 30, 2012, assets available for plan benefits of $1,142,396,611. These funds are available for distribution to plan participants in accordance with Plan provisions.
- Total additions were $147,234,060 for the year ended June 30, 2013, resulting from positive investment income of $95,201,812. Employee contributions totaled $49,708,090 for the year ended June 30, 2013.
- Total deductions were $73,137,883 for the year ended June 30, 2013, substantially all of which were due to distributions to participants.
- At June 30, 2013, the number of active and terminated participants (those with a balance in their account) slightly increased to 53,124 compared to 50,697 at June 30, 2012. This is primarily due to the auto enrollment feature added to the Plan effective July 1, 2012.

Overview of the Financial Statements

The Plan is a deferred compensation plan as authorized by Section 457 of the Internal Revenue Code (IRC), as amended, through which the State of Missouri and its agencies (the State) offers its employees the option to defer income in accordance with IRS and Plan guidelines. Participants may direct their contributions in available investment options offered by the Plan and are 100% vested in their accounts. Benefits are payable to participants, in accordance with Plan provisions, upon termination of employment with the State, retirement, death, or unforeseeable emergency based on the participant's account balance.

The Plan's financial statements are comprised of a statement of net position, a statement of changes in net position, and notes to financial statements.

In June 2011, the GASB Issued Statement No 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. The financial statements are renamed to incorporate the term "net position" in place of the "net assets" terminology previously used. The statement of net position now includes, as applicable, up to four components including assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this statement are effective for financial periods beginning after December 15, 2011. During the year ended June 30, 2013, the Plan adopted the statement and the applicable provisions.

The statement of net position presents information on the Plan's assets and liabilities with the difference between the two reported as net position held in trust for benefits. This statement reflects, at fair value, the participants' balances in their selected investment options, which are available to pay benefits.

The statement of changes in net position presents information showing how the Plan's net position held in trust for benefits changed during the year ended June 30, 2013. This statement reflects contributions made by and benefits paid to participants during the period. Investing activities during the period are also presented which

include interest and dividends added to participant accounts and the net appreciation or depreciation in fair value of the investments. Other transfers and fees affecting participant accounts are also reported in this statement.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Plan is considered by the Office of Administration – Division of Accounting to be a component unit of the State of Missouri and therefore the Plan is included as a pension trust fund in the State of Missouri's Comprehensive Annual Financial Report.

Financial Analysis

Summarized financial information is presented in the following condensed statements as of and for the years ended June 30, 2013 and 2012:

Condensed Statements of Net Position

	June 30, 2013	June 30, 2012
Assets:		
Investments	$ 1,209,043,385	$ 1,134,718,192
Cash and cash equivalents	1,115,116	743,507
Receivables	555,938	820,699
Policyholder account and cash surrender values	5,854,487	6,226,916
Total assets	1,216,568,926	1,142,509,314
Liabilities:		
Accounts payable	76,138	112,703
Net position held in trust for benefits	$ 1,216,492,788	$ 1,142,396,611

Condensed Statements of Changes in Net Position

	For the year ended June 30, 2013	For the year ended June 30, 2012
Additions:		
Employee contributions	$ 49,708,090	$ 51,070,524
Rollovers from other qualified plans	1,498,532	612,001
Investment income	95,201,812	8,936,680
Revenue sharing	1,198,055	1,469,102
Change in value of life insurance contracts	(372,429)	(251,077)
Total additions	147,234,060	61,837,230
Deductions:		
Benefits paid to participants	71,124,696	68,621,565
Life insurance premiums	336,970	389,330
Administrative expenses	1,676,217	2,016,184
Total deductions	73,137,883	71,027,079
Change in net position	$ 74,096,177	$ (9,189,849)

A summary of the investment balances at June 30, 2013 and 2012, is as follows:

	2013 Balance (in 000's)	2012 Balance (in 000's)
Stable Value Fund		
ING Stable Value Fund	$ 491,243	$ 494,631
Bond Funds		
Prudential Total Return Bond Fund	570	553
Bond Fund of America	3,647	3,865
Federated US Government Securities Fund - 2-5 Years	3,070	3,560
Vanguard Inflation Protected Securities Fund	3,341	3,912
	10,628	11,890
Moderate Asset Allocation Investments		
Fidelity Asset Manager	2,532	2,455
Large - Cap Equity Funds		
American Century Equity Income Fund	13,614	12,144
Fidelity Equity Income Fund	13,933	12,364
Gartmore Nationwide Class D	5,545	5,046
Prudential Jensen Blend	2,960	3,027
Putnam Investors Fund	4,345	3,933
SEI S&P 500 Index Portfolio	16,065	14,277
Vanguard Total Sock Market Index Fund	9,616	8,427
American Century Growth Fund	8,840	8,644
American Century Ultra Fund	20,495	18,716
Dreyfus Premier Third Century Fund	1,851	1,593
Fidelity Contrafund	54,238	50,621
	151,502	138,792
Mid - Cap Equity Funds		
Goldman Sachs Mid Cap Fund	7,958	6,944
AIM Dynamics Fund	5,914	5,302
	13,872	12,246
Small - Cap Equity Funds		
Janus Small Cap Value Fund	4,818	4,299
Dreyfus Small Cap Stock Index Fund	2,789	2,446
Neuberger & Bergman Genesis Fund	20,726	18,649
Brown Capital Management Small Company Fund	2,161	1,856
AIM Small Company Growth Fund	404	347
	30,898	27,597

continued

	2013 Balance (in 000's)	2012 Balance (in 000's)
continued		
International Equity Funds		
Janus Worldwide Fund	4,048	3,384
T. Rowe Price International Stock Fund	7,268	7,092
Templeton Developing Markets Trust	6,908	8,069
	18,224	18,545
Asset Allocation Investments		
Vanguard Life Strategy Income Fund	1,348	1,347
Vanguard Life Strategy Conservative Growth	1,455	1,717
Vanguard Life Strategy Moderate Growth Fund	4,559	4,235
Vanguard Life Strategy Growth Fund	5,897	5,504
	13,259	12,803
Self-Managed Accounts	26,980	22,847
Target Date Funds		
MO 1995 Fund	5,043	4,202
MO 2000 Fund	4,334	4,806
MO 2005 Fund	12,483	12,556
MO 2010 Fund	31,806	31,082
MO 2015 Fund	66,614	61,481
MO 2020 Fund	85,510	77,502
MO 2025 Fund	82,383	70,704
MO 2030 Fund	65,406	55,086
MO 2035 Fund	46,349	39,011
MO 2040 Fund	27,006	21,294
MO 2045 Fund	12,245	9,427
MO 2050 Fund	5,858	4,507
MO 2055 Fund	3,056	1,254
	448,093	392,912
Other		
MOSERS Investment Portfolio	1,812	-
	1,812	-
Total	$ 1,209,043	$ 1,134,718

During the year ended June 30, 2013 and 2012, Plan participants elected to allocate their contributions as follows:

Allocation of Contributions

	2013	2012
Stable Value Fund	29.5%	32.3%
Bond Funds	1.1%	1.3%
Large-Cap Equity Funds	9.3%	9.3%
Mid-Cap Equity Funds	1.0%	1.2%
Small-Cap Equity Funds	2.3%	2.5%
International Equity Funds	1.5%	1.7%
Asset Allocation Investments	1.7%	1.9%
Moderate Asset Allocation Investments	0.1%	0.2%
Target Date Funds	51.5%	48.1%
Self-Managed Accounts	0.9%	0.7%
Life Insurance Contracts	0.7%	0.8%
Other	0.4%	0.0%
	100.0%	100.0%

- Net assets available for plan benefits increased by approximately $74.1 million during the year ended June 30, 2013 to approximately $1.216 billion. The most significant changes were the increases from employee contributions and investment income, reduced by the distributions to Plan participants.
- Employee contributions were approximately $49.7 million for the year ended June 30, 2013, and approximately $51.1 million for the year ended June 30, 2012. That reflects a relative decrease of approximately $1.4 million or 2.7%. The State of Missouri and substantially all employers participating in the related Incentive Plan stopped making contributions on behalf of employees participating in the Plan, which had a negative impact on employee contributions into the Plan.
- Investment income was approximately $95.2 million for the year ended June 30, 2013, compared to investment income of approximately $8.9 million for the year ended June 30, 2012. The increase is attributed to positive market conditions during the year ended June 30, 2013.
- The change in value of universal life insurance contracts was a decrease of approximately $372 thousand for the year ended June 30, 2013, compared to a decrease of approximately $251 thousand for the year ended June 30, 2012. That reflects a relative decrease of approximately $121 thousand or 48%.
- Distributions to participants totaled approximately $71.1 million for the year ended June 30, 2013, compared to approximately $68.6 million for the year ended June 30, 2012. That reflects a relative increase of approximately $2.5 million or 3.6%.
- Administrative fees were approximately $1.7 million and $2.0 million for of the years ended June 30, 2013 and 2012, respectively.

Other

Other than changes in the fair value of Plan assets as may be impacted by the stock and bond markets, along with changes in interest rates, no other matters are known by management to have a significant impact on the operations or financial position of the Plan.

Requests for Information

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Plan Administrator, c/o MOSERS, P.O. Box 209, Jefferson City, MO 65102-0209.

MISSOURI STATE PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN

STATEMENT OF NET POSITION
June 30, 2013

ASSETS	
Investments, at fair value:	
Mutual funds	$ 690,820,278
Self-directed brokerage account	26,979,988
Investments, at contract value:	
Guaranteed investment contract	491,243,119
Total investments	1,209,043,385
Cash and cash equivalents	1,115,116
Due from MOSERS	390,345
Revenue share receivable	165,593
Cash surrender value of life insurance contracts	258,517
Account value of universal life insurance contracts	5,595,970
Total assets	1,216,568,926
LIABILITIES	
Accounts payable	76,138
Total liabilities	76,138
Net position held in trust for benefits	$ 1,216,492,788

The notes to financial statements are an integral part of these statements.

MISSOURI STATE PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN

STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2013

ADDITIONS	
Contributions:	
Employees	$ 49,708,090
Rollovers	1,498,532
Total contributions	51,206,622
Investment income:	
Net appreciation in fair value of investments	76,017,679
Interest and dividends	19,184,133
Total investment income	95,201,812
Revenue sharing	1,198,055
Decrease in value of universal life insurance contracts	(372,429)
Total additions	147,234,060
DEDUCTIONS	
Benefits paid to participants	71,124,696
Life insurance premiums	336,970
Administrative expenses	1,676,217
Total deductions	73,137,883
Change in net position	74,096,177
Net position held in trust for benefits, beginning of year	1,142,396,611
Net position held in trust for benefits, end of year	$ 1,216,492,788

The notes to financial statements are an integral part of these statements.

MISSOURI STATE PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

The following description of the Missouri State Public Employees Deferred Compensation Plan (the "Plan"), which is administered by the Missouri State Employees' Retirement System ("MOSERS"), is provided for general information purposes only. For a more complete description of the Plan provisions, refer to the detailed plan documents or the State of Missouri statutes.

General: The Plan was established by the Missouri State Public Employees Deferred Compensation Commission (the "Commission") in December 1979, was approved by the Governor of the State of Missouri in February 1980, and enrollment in the Plan began in April 1980. The first employee contributions to the Plan were made in May 1980. The participating employers include the State of Missouri and its agencies and departments including state colleges and universities, state retirement systems, Missouri Consolidated Health Care Plan and any state agency or instrumentality defined as a body corporate and politic. There are currently nineteen State of Missouri employers participating in the Plan. The Plan is available to all employees of the participating employers, as well as any elected officials receiving a salary from the State. The Plan is considered a component unit of the State of Missouri and is included as a pension trust fund in the State of Missouri's Comprehensive Annual Financial Report.

The supervisory authority for the management and operation of the Plan is the Board of Trustees of MOSERS. MOSERS has hired a recordkeeper to handle participant services and recordkeeping and an investment custodian to hold the Plan's investments. ICMA-RC is recordkeeper for the Plan. TD Ameritrade is the investment custodian for the Plan.

The Plan is classified as a governmental plan and is not subject to Title I of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan, accordingly, does not file Form 5500, which was developed by the Internal Revenue Service, Department of Labor, and the Pension Benefit Guaranty Corporation to satisfy the reporting requirements of the IRS and ERISA.

Eligibility and Contributions: Under the Plan provisions, employees of the State of Missouri are eligible to contribute into the Plan through reduction of salary. Effective July 1, 2012, newly eligible employees are automatically enrolled at 1% of gross wages unless they elect not to participate. In accordance with Section 457 of the Internal Revenue Code (the "IRC"), the Plan limits the amount of an individual's annual contribution to 100% of his/her annual gross compensation, not to exceed $17,500. The Plan offers a catch-up program to participants who have attained the age of 50, increasing their maximum contribution to $23,000. Amounts contributed by employees are deferred for federal and state income tax purposes until benefits are paid to the employees. Participating employers do not make contributions to the Plan.

The Plan offers a Roth 457 option to participants. Participants can elect to make after-tax contributions to their account and may elect to make both before and after-tax contributions. Those contributions under the Roth 457 option may grow on a permanent tax free basis.

Participants may make rollover contributions to the Plan from other qualified Plans.

Under provisions of the Small Business Job Protection Act of 1996 (SBJPA), which became effective for Plan years beginning after December 31, 1996, assets of IRC Section 457 plans must be held in a trust, custodial account or annuity contract for the exclusive benefit of employees and beneficiaries. At June 30, 2013, the Plan met the requirements of the SBJPA.

Investment Options: Participants in the Plan may invest in the following options:

- Fixed earnings investments underwritten by ING Life Insurance and Annuity Company ("ILIAC")
- Self-directed brokerage options through TD Ameritrade
- Target date funds
- Mutual funds
- MOSERS Investment Portfolio (MIP) fund

Mutual fund investment options were closed to new investors after May 1, 2009, but the allocation of future contributions are permitted for investors who designated those allocation instructions prior to May 1, 2009.

Effective January 1, 1989, the option to invest in life insurance contracts underwritten by Security Benefit Life Insurance Corporation (SBL) was no longer available to Plan participants. Participants making deferrals to SBL life insurance contracts at December 1988, may continue such deferrals but may not increase the amount of such deferrals at any time. As of July 1, 2000, the option to invest in universal life insurance contracts underwritten by Monumental Life Insurance Company ("Monumental") was no longer available to Plan participants. No new policies were being written by Monumental. However, the policies in existence as of June 30, 2000, continue to be serviced.

Participant Accounts: Each participant's account is credited with the participants' contributions and allocations of Plan earnings and charged with an allocation of Plan expenses. Allocations are based on participant earnings or account balances, as defined. Earnings are credited to individual participant account balances based upon investment performance of the specific options selected by the participant. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting: Participants are at all times 100% vested in their account balance.

Payment of Benefits: Employees participating in the Plan or their beneficiaries may withdraw the fair value of funds contributed to the Plan upon retirement, death, qualifying hardship or separation of service from the Employer, subject to Internal Revenue Service limitations. Employees may select from various payout options, including lump sum payments or payments over various periods. Retiring participants have the option to annuitize their account balances as one of their payout options. The Plan provides this option through an annuity that can be purchased from insurance companies available through the Plan's record-keeper. Depending upon the option selected, the payments may be actuarially determined.

Plan Membership: As of June 30, 2013, the Plan's membership consisted of the following:

Active participants	32,004
Retired and inactive participants	21,120
	53,124

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying financial statements have been prepared on the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and reporting principles.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of net assets available for benefits, liabilities and changes therein. Actual results could differ from those estimates.

Related Plan: The Missouri State Employees Deferred Compensation Incentive Plan (the "Incentive Plan") is related to the Plan through common sponsorship and administration. Both are offered by the State of Missouri to the same employees, and the operations and administration are handled together. Certain balances are allocated between the two plans based on either investment balances or number of participants. The Incentive Plan issues separate financial statements.

Contributions and Contributions Receivable: Contributions are recorded when the related deferred compensation payment is withheld from the participating employees' salary. Contributions are credited by the applicable investment carrier upon receipt from the Employer. Contributions receivable represent employee contributions withheld from participants' salaries during the fiscal year not remitted to the investment carriers at fiscal year end.

Revenue Share Revenue and Receivable: The Plan receives shareholder service fees, 12(b)1 fees, and other commissions from individual mutual fund companies. The record keeper receives this income as the intermediary and allocates monthly revenue to the Plan based upon the balances of the assets within the mutual fund. The revenue share income is used to pay a portion of the recordkeeping fees, which reduces the actual fees paid by the participants of the Plan. The revenue for each month is allocated the following month. As of the fiscal year end, the unpaid balances have been accrued as a receivable by the Plan.

Due from MOSERS: The due from MOSERS represents a cash balance held by MOSERS to pay for administrative expenses of the Plan as they arise.

Investment Valuation: Investments in mutual funds and self-directed brokerage accounts are presented at their fair value based on published market prices. Investments in the ING Stable Value Fund are valued at contract value as this is the value realizable by participants. Investments in the Missouri Target Date Funds are valued at fair value based on the fair value of the underlying assets comprising each Missouri Target Date Fund, as provided by the individual fund managers. Investments in universal life insurance contracts are reported at fair value, less any surrender charges, as reported by the life insurance company. Investments in whole life insurance contracts are valued at cash surrender value as reported by the insurance company. Investments in the MOSERS Investment Portfolio (MIP) Fund are valued on a monthly basis based on the fair value of the underlying assets.

Purchases and sales of securities are recorded on a trade date basis. Realized investment gains and losses are determined using the average cost. Dividends are recorded on the declaration date. Interest is recorded when earned.

Investment Contract with ING Life Insurance and Annuity Company: In 2006, the Plan entered into a benefit-responsive investment contract with ING Life Insurance Annuity Company ("ILIAC"), the ING Stable Value Fund. ILIAC maintains the contributions in a separate account. The value of the separate account is the fair

market value of investments plus cash balances and accruals, less liabilities, in accordance with such methods as described in the contract or as ILIAC may adopt from time to time. Income and gains or losses, realized or unrealized, are credited or charged directly to the separate account. The values determined may decrease or increase according to such procedure. The separate account is charged with expenses arising from the operations of the account including taxes, brokerage, commissions, and other costs. The contract value as reported to the Plan by ILIAC is the value represented in the Interest Accumulation Fund, which is the accounting record maintained under the contract for amounts reflecting the termination value of the predecessor investment vehicle (Nationwide) plus or minus deposits received, withdrawals made, fees charged, interest at the Credited Rate and other adjustments. Participants may direct the withdrawal or transfer of all or a portion of their investment contracts.

The fair value of the investment contract as of June 30, 2013, was $497,430,224 and the contract value on June 30, 2013, was $491,243,119. The average yield and crediting interest rates were approximately 2.34% for the year ended June 30, 2013. The crediting interest rate is based on a formula agreed upon with the issuer. The interest rates are reviewed on a quarterly basis for resetting. The crediting interest rate formula is in part based on the fair value of the underlying securities of the investment contract.

Certain events, such as termination of the contract by the Plan or the termination of the Plan, would limit the Plan's ability to transact at contract value with ILIAC. The Plan administrator believes the occurrence of such events that would also limit the Plan's ability to transact at contract value with plan participants is not probable.

Interest Income: Interest income is recorded as earned for the Stable Value Fund. The interest rate for the Stable Value Fund was 2.25% at June 30, 2013. The interest rate ranged from 2.25% to 2.75% for the year ended June 30, 2013. Total interest income recognized was approximately $11,565,000 during the year ended June 30, 2013, and is included in interest and dividends on the statement of changes in plan net assets.

Administrative Expenses: ICMA-RC charges annual recordkeeping and advisory fees totaling $34 per participant. This fee covers services for both this Plan and the Incentive Plan. The fee is allocated between the two plans.

In addition, the two plans paid administrative fees of $25,000 quarterly to MOSERS for administration services provided to the two plans. These quarterly fees are paid out of the $34 annual per participant fee charged. These quarterly fees are also allocated between the two plans.

Benefits Paid: Benefits are recorded at the time withdrawals are made from the Plan participant accounts, which generally coincides with the trade date.

Rollovers: Rollovers represent contributions transferred from other qualified plans.

3. TAX STATUS

The Plan is reviewed by legal counsel to ensure conformity with Section 457 of the IRC. Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred are included in the gross income of the participant only for the taxable year in which such compensation or other income is paid or otherwise made available to the participant or beneficiary. The Trust established under the Plan is treated as exempt from federal income taxation.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent the Plan's portion of the Administrative Allowance account that is maintained by ICMA-RC. Revenue share amounts are deposited into the account and used to pay Plan expenses such as record keeping fees, plan audits and financial statement preparation. The balance is allocated between the related plans based upon their respective investment balances. At June 30, 2013, the Administrative Allowance Account had a total balance of $1,492,856 and is invested in the Dreyfus Cash Management Fund. Of that amount, $377,740 is allocated to the Missouri State Employees Deferred Compensation Incentive Plan and $1,115,116 is allocated to the Missouri State Employees Deferred Compensation Plan.

5. INVESTMENTS

The Plan's investment policy is to provide a user friendly mechanism for participants to accumulate and preserve assets for retirement during years of employment and beyond. Missouri Target Date Funds were added to the investment options in April 2009 to simplify retirement investing for Plan participants. New participants into the Plan after April 2009 have the choice between the thirteen target date funds, a stable value fund, a self-directed brokerage option, or effective July 1, 2012, the MOSERS Investment Portfolio (MIP) fund. The self-directed brokerage option was retained for participants who prefer a hands on approach to retirement investing. Participants who were already contributing to one or more of the 31 mutual funds before April 2009 can continue to contribute to the same mutual fund or funds and have the choice of the investments available to new participants.

Missouri Target Date Funds: These funds were created exclusively for participants of the Plan and the Incentive Plan. Each new participant who does not make an investment selection is, by default, invested in the target date fund closest to when he or she is first eligible to retire, assumed to be age 65. Participants may choose any target date fund as their investment in the Plan. The target date funds with dates farthest in the future have the most aggressive investment approach and are more heavily invested in stocks. These funds automatically adjust from a long-term growth focus to a more conservative investment mix as the participants move closer to retirement, investing more in bonds and less in stock.

Stable Value Fund: ING Investment Management, Inc. is the manager of the ING Stable Value Fund's assets. The Stable Value Fund provides a stable rate of return by investing in various types of bonds including treasuries, agencies, corporate and mortgage-backed securities. The fund is wrapped by an insurance contract, issued by ILIAC, which stabilizes the interest rate paid as well as ensuring that participants get their principal plus interest when they decide to withdraw from the fund. However, the insurance wrapper guarantee of participants' return of principal does not extend to certain employer-initiated events, such as employer decision to terminate the contract or withdrawals that might arise from mass layoffs or similar events.

In advance of each quarter, the ING Stable Value Fund establishes a rate of return for that quarter, as described previously. Stable Value Fund investment income included in the accompanying financial statements is net of annual fees which are deducted from earnings prior to posting to the participant accounts. The annual fees as a percentage of participating assets are .30%.

Mutual Funds: The Plan offers various mutual funds, along with a self-directed brokerage option through an independent broker, which allows investments not offered by the Plan. Shares of mutual funds are not insured, although some securities in which the funds invest may be insured or backed by the U.S. government or its agencies. Investment income in the accompanying financial statements is net of management and other expenses charged by the fund managers which are deducted from earnings prior to posting to the participant accounts.

MOSERS Investment Portfolio (MIP) Fund: The MIP fund is a monthly valued investment option offering participants the ability to purchase units of the MOSERS investment portfolio. MIP is an actively managed, diversified portfolio of investments including U.S. and foreign public and private equity and debt, real estate, commodities, emerging markets, timber, foreign currency transactions, derivative transactions, and hedge funds. The fund is geared toward investors seeking long-term total returns. MOSERS issues separate financial statements which include detailed information of the underlying assets.

Investments as of June 30, 2013, are as follows:

Fixed earnings option, at contract value:	
ING Stable Value Fund	$ 491,243,119
Variable earnings options, at fair value:	
MO 2020 Fund	85,510,715
MO 2025 Fund	82,383,695
MO 2015 Fund	66,613,858
MO 2030 Fund	65,405,900
Fidelity Contrafund	54,238,350
MO 2035 Fund	46,349,043
MO 2010 Fund	31,806,226
MO 2040 Fund	27,005,907
Self Directed Brokerage Account	26,979,988
Neuberger & Berman Genesis Fund	20,725,905
American Century Ultra Fund	20,495,163
SEI Index S&P 500 E	16,065,105
Fidelity Equity Income Fund	13,932,982
American Century Equity Income Fund	13,614,013
MO 2005 Fund	12,483,011
MO 2045 Fund	12,244,553
Vanguard Total Stock Admiral Class	9,616,144
American Century Growth Fund	8,840,377
Goldman Sachs Mid Cap Value I	7,958,215
T. Rowe Price International Stock Fund	7,268,051
Templeton Developing Markets A	6,908,576
AIM Dynamics Fund	5,914,088
Vanguard Life Strategy Growth Fund	5,897,668
MO 2050 Fund	5,857,642
Gartmore Nationwide Class D	5,545,062
MO 1995 Fund	5,043,088
Janus Small Cap Value Fund	4,817,706
Vanguard Life Strategy Moderate Growth Fund	4,559,276
Putnam Investors A	4,344,503
MO 2000 Fund	4,334,024
Janus Worldwide Fund	4,047,523
American Funds Bond Fund of America	3,647,133

(continued)

Variable earnings options, at fair value *(continued)*:

Vanguard Inflation Protected Securities Fund	3,341,379
Federated U.S. Government Securities Fund - 2-5 Years	3,069,960
MO 2055 Fund	3,055,521
Prudential Jensen Blend	2,959,832
Dreyfus Small Cap Stock Index Fund	2,788,790
Fidelity Asset Manager	2,532,384
Brown Capital Small Company Institutional	2,161,344
Dreyfus Premier Third Century Fund	1,850,223
MOSERS Investment Portfolio (MIP) Fund	1,812,021
Vanguard Life Strategy Conservative Growth	1,454,691
Vanguard Life Strategy Income Fund	1,347,576
Prudential Total Return Bond Fund	569,446
AIM Small Company Growth Fund	403,609
	$ 1,209,043,385

Investments as of June 30, 2013, by investment type, are as follows:

Stable Value Fund	$ 491,243,119
Bond Funds	10,627,918
Large-Cap Equity Funds	151,501,754
Mid-Cap Equity Funds	13,872,303
Small-Cap Equity Funds	30,897,354
International Equity Funds	18,224,150
Asset Allocation Investments	13,259,211
Moderate Asset Allocation Investments	2,532,384
Target Date Funds	448,093,183
Self-Managed Accounts	26,979,988
Other	1,812,021
	$ 1,209,043,385

Custodial credit risk for investments is the risk that the Plan would not be able to recover the value of investments in the event of a failure by the counterparty to a transaction. The Plan does not have any investments that are not registered in the name of the Plan and are either held by the counterparty or the counterparty's trust department or agent, but not in the Plan's name, except for one of the underlying investments in the Target Date Funds (Vanguard High Yield Fund) which are registered in the name of the manager for benefit of the Plan.

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Plan's investment in a single issuer. The Plan has no formal policy because participants elect where to invest contributions. However, the investment in the Stable Value Fund represents approximately 41% of investments.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Plan. The Plan does not have a formal policy for credit risk. At June 30, 2013, the weighted average credit ratings for the fixed income securities included in the fixed income mutual funds were as follows:

Fixed Income Mutual Fund	Fair Value	Credit Rating
American Funds Bond Fund of America	$ 3,647,133	BBB
Vanguard Inflation Protected Securities Fund	3,341,379	AAA
Federated U.S. Government Securities Fund - 2-5 Years	3,069,960	AAA
Prudential Total Return Bond Fund	569,446	BB

At June 30, 2013, the average credit rating as provided by ING for the securities in the Stable Value Fund was AA1.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the ING Stable Value fund, whose rate is adjusted quarterly, the Plan investment guidelines include no formal policy on interest rate risk. Duration is a measure of a debt instrument's exposure to fair value changes arising from changing interest rates based upon the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

The average effective duration in years as of June 30, 2013 for fixed income mutual funds is as follows:

Fixed Income Mutual Fund	Fair Value	Weighted Average Duration
American Funds Bond Fund of America	$ 3,647,133	4.45
Vanguard Inflation Protected Securities Fund	3,341,379	8.14
Federated U.S. Government Securities Fund - 2-5 Years	3,069,960	3.20
Prudential Total Return Bond Fund	569,446	6.11

At June 30, 2013, the weighted average duration as provided by ING for the Stable Value Fund was 3.97 years.

6. RISKS AND UNCERTAINTIES

The Plan provides for various investment options in any combination of mutual funds, insurance contracts, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the accompanying statement of net position.

7. LIFE INSURANCE CONTRACTS

The face amount of universal life insurance in force with Monumental was approximately $64,145,000 at June 30, 2013. The cash surrender value and carrying value of the universal life insurance policies in force with Monumental was $5,595,970 at June 30, 2013.

The face amount of life insurance in force with SBL was approximately $445,000 at June 30, 2013. The cash surrender value and carrying value of these policies was $258,517 at June 30, 2013.

At the time of retirement or termination of employment from the State of Missouri, employees have the option of transferring ownership of the policy and continuing to make the life insurance premium payments directly to SBL or Monumental, or receiving the cash surrender value of the policy.

8. PLAN TERMINATION

The State may amend or terminate the Plan, provided that such amendment or termination shall not impair the rights of a vested participant or beneficiary to receive any contributions, and income earned thereon, allocated to his or her active or inactive account, as the case may be, prior to the date of the termination or amendment of the Plan.